

CHESANING-BRADY FIRE  
ADMINISTRATIVE BOARD

FINANCIAL STATEMENTS  
AND AUDITORS' REPORT

MARCH 31, 2007

Michigan Department of Treasury  
96 (Rev.06/08)**Auditing Procedures Report**Instructions and MuniCodes

\* = Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Chesaning-Brady Fire Admin Board	County* SAGINAW	Type* OTHER	MuniCode* 73-7-518
Opinion Date-Use Calendar* Nov 1, 2007	Audit Submitted-Use Calendar* Sep 29, 2008	Fiscal Year End Month* 03	Fiscal Year* 2007

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all funds or reserved fund balances/unrestricted assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is the unit in compliance with the Michigan Manual of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing jurisdiction as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of legal or unauthorized expenditures that came to your attention as detailed in the Bulletin for Units of Local Units of Government in Michigan as revised (see Appendix III-Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Has the local unit reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Is the local unit in compliance with GASB and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/> ?	17. To your knowledge, were any bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 286,982.00
General Fund Expenditure: ?	\$ 151,537.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 227,369.00
Governmental Activities Long-Term Debt (see instructions): ?	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Lori	Last Name* Chant	Ten Digt License Number* 1101020651		
CPA Street Address* 217 N Washington St	City* Owosso	State* MI	Zip Code* 48867	Telephone* +1 (989) 723-8227
CPA Firm Name* Demis and Wenzlick, P.C.	Unit's Street Address* 1632 W Brady St	Unit's City* Chesaning	Unit's Zip* 48616	

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CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
LIST OF APPOINTED OFFICIALS  
MARCH 31, 2007

FIRE AUTHORITY BOARD

Doug Corwin	President
Rich Stasa	Secretary – Treasurer
Greg Wirostek	Trustee
Carl VanHorn	Trustee
Bob Corrin	Trustee
Daniel Ryan	Chief
Scott Fall	Assistant Chief



# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

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Pabst Building, Suite 201  
Owosso, MI 48867

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James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

Tracy Bublitz  
Vickie Clayton  
Carol Demis  
Jeannette Gaitskill  
Kathy Kimmerer  
Erica Marks  
Janis Mead  
Tammy Pappas  
David Pullen  
Dean Roach  
Vicki Schuler  
Joyce Simmons  
Barbara Wenzlick

## INDEPENDENT AUDITORS' REPORT

Members of the Board  
Chesaning-Brady Fire Administrative Board  
Chesaning, Michigan

We have audited the accompanying financial statements of the Chesaning-Brady Fire Administrative Board, as of and for the year ended March 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Chesaning-Brady Fire Administrative Board as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Board has not presented the Management Discussion and Analysis, that the Governmental Accounting Standards Board in its Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments has determined necessary to supplement, although not required to be part of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a reported dated November 1, 2007 on our consideration of the Chesaning-Brady Fire Administrative Board internal controls over financial reporting and our tests of its compliance with certain provisions that laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chesaning-Brady Fire Administrative Board's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dennis and Leanghuet, PC*

Certified Public Accountants

Owosso, Michigan  
November 1, 2007

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
SAGINAW COUNTY, MICHIGAN  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
MARCH 31, 2007

	Governmental <u>Activities</u>	<u>Total</u>	Component <u>Unit</u>
ASSETS:			
Cash and Investments	\$219,065	\$219,065	\$ 15,020
Receivables (Within One Year)	26,791	26,791	
Capital Assets Being Depreciated.			
Net	<u>542,814</u>	<u>542,814</u>	<u>788,411</u>
TOTAL ASSETS	<u>\$788,670</u>	<u>\$788,670</u>	<u>\$803,431</u>
LIABILITIES:			
Accounts Payable	\$ 16.806	\$ 16.806	\$
Accrued Liabilities	1.681	1.681	
Notes Payable – Due Within One Year			10.000
Non-Current Liabilities:			
Due Beyond One Year			<u>346.000</u>
TOTAL LIABILITIES	<u>\$ 18,487</u>	<u>\$ 18,487</u>	<u>\$356,000</u>
NET ASSETS:			
Invested in Capital Assets (Net of Related Debt)	\$788,450	\$788,450	\$432,411
Restricted For:			
Bond Reserves	25.000	25.000	
Unreserved	<u>(43,267)</u>	<u>(43,267)</u>	<u>15,020</u>
TOTAL NET ASSETS	<u>\$770,183</u>	<u>\$770,183</u>	<u>\$447,431</u>

The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
SAGINAW COUNTY, MICHIGAN  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007

		<u>Program Revenues</u>		Net (Expense)	
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges</u>	<u>Operating</u>	Revenue &	
		<u>For Services</u>	<u>Grants and</u>	Change in	<u>Component Unit</u>
			<u>Contributions</u>	<u>Net</u>	
				<u>Assets</u>	
Governmental Activities:					
General Government	\$(260,168)	\$	\$	\$ (260,168)	\$
Component Unit:					
Chesaning-Brady Joint Building Authority	\$ <u>1,777</u>				<u>(1,777)</u>
General Revenues:					
Township Contributions				247,965	
Investment Earnings				6,124	
Miscellaneous				7,893	
Donations – Restricted				<u>25,000</u>	
TOTAL GENERAL REVENUES				\$ 286,982	
Transfers				<u>(449,208)</u>	<u>449,208</u>
CHANGES IN NET ASSETS				\$ (422,394)	\$447,431
Net Assets – Beginning – As Restated				<u>1,192,577</u>	<u>          </u>
NET ASSETS – ENDING				\$ 770,183	\$447,431

The accompanying notes are an integral part of the financial statements.



CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
SAGINAW COUNTY, MICHIGAN  
BALANCE SHEET  
AS OF MARCH 31, 2007

	Governmental <u>Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$219.065
Receivables	<u>26.791</u>
TOTAL ASSETS	<u>\$245.856</u>
LIABILITIES:	
Accounts Payable	\$ 16.806
Accrued Liabilities	<u>1.681</u>
TOTAL LIABILITIES	\$ 18.487
FUND BALANCE:	
Unrestricted	\$202.369
Restricted	<u>25.000</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$245.856</u>

The accompanying notes are an integral part of the financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
GOVERNMENTAL FUND  
RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUND  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
MARCH 31, 2007

Total Fund Balances for Governmental Funds	\$227,369
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not Reported in the Funds	<u>542,814</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$770,183</u>

See accompanying notes to financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2007

	Governmental <u>Activities</u>
REVENUES:	
Contribution – Chesaning Township	\$173,273
Contribution – Chapin Township	4,277
Contribution – Brady Township	70,415
Interest Income	6,124
Donations – Restricted	25,000
Sign Sales, Copies, Miscellaneous	<u>7,893</u>
TOTAL REVENUES	\$286,982
EXPENDITURES:	
Wages	\$ 45,586
Payroll Taxes	3,487
Maintenance and Supplies	8,275
Insurance	21,117
Fuel	5,203
Utilities	9,455
Professional Fees	8,359
Training, Education and Dues	1,200
Rent	1,500
Office Expenses	3,560
Prevention	2,630
Retirement/401k	4,315
Equipment Replacement	2,153
Interest Expense	1,853
Principal Payments	<u>32,844</u>
TOTAL EXPENDITURES	\$ <u>151,537</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$135,445
OTHER FINANCING SOURCES:	
Transfer Out – Cash	\$(200,000)
Transfer Out – Capital Assets	<u>(17,359)</u>
TOTAL OTHER FINANCING SOURCES	\$ <u>(317,359)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	\$(181,914)
Fund Balance April 1, 2006	<u>409,283</u>
FUND BALANCE MARCH 31, 2007	\$ <u>227,369</u>

The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
GOVERNMENTAL FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2007

Net Change in Fund Balance – Total Governmental Funds	\$(181,914)
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Governmental Funds report Capital Outlays as Expenditures.  
However, in the Statement of Activities the cost of these  
Assets is Allocated over the Estimated Useful Lives and  
Reported as Depreciation Expense.

Depreciation Expense	(108,631)
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Some Activities do not require the use of Current Financial  
Resources and therefore are not Reported in the Governmental  
Funds.

Transfer of Capital Assets	(131,849)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$( <u>422,394</u> )
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The accompanying notes are an integral part of these financial statements.

**CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The organization was formed March 1, 1996, by the following units of government:

Township of Chesaning  
Village of Chesaning  
Township of Brady

The organization was formed pursuant to authority granted under P.A. 7 of 1967, the stated purpose of which is to provide fire protection for the residents of the units of government.

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Organization includes all funds, account groups, agencies, board, commissions and authorities that are controlled by or dependent on the organization. Control by or dependence on the organization was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the organization to finance any deficits that may occur or receipt of significant subsidies from the organization.

Based on the foregoing criteria, the Chesaning-Brady Joint Building Authority is included in the organization's report as a discretely presented component unit. The complete financial statements of the Chesaning-Brady Joint Building Authority may be obtained by requesting them from the Chesaning-Brady Fire Administrative Board.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When an expense is incurred for purpose for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**RECEIVABLES**

Receivables are recognized for all significant amounts due the Authority. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial. At year end, the Authority had no receivables.

**CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ENCUMBRANCES**

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

**INVENTORIES AND PREPAID ITEMS**

The costs of governmental fund-type inventories and certain payments to vendors are recorded as expenditures when purchased.

**COMPENSATED ABSENCES**

There are no compensated absences.

**BUDGETS AND BUDGETARY ACCOUNTING**

The organization follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the treasurer submits to the Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budgets are approved by each of the controlling units of government.
3. Prior to April 1, the budget is legally enacted through Board approval.
4. The budget for the General Fund was adopted on the basis prescribed in P.A. 621 of 1978, as amended, which is consistent with accounting principles generally accepted in the United States of America. The budget of the General Fund is adopted on a fund basis; thus expenditures may not legally exceed the budgeted total for the fund.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenues.

OPERATING LEASE

The organization leases a building from the Village of Oakley. This building houses fire equipment. The lease for one year is renewable, and has been classified as an operating lease.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	15 to 40 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE B – FIXED ASSETS

The policy of the organization is to reflect the total vehicles and attachments thereon, in the financial statements. The assets not included in this report include tools, pagers, radios, air equipment, furnishings and computer equipment. The total cost of these items exceed \$250,000.

Additionally, the organization has the use of certain vehicles owned by the State of Michigan – DNR. The organization pays all associated costs for these vehicles, which have an estimated cost of \$8,200.

Estimated Original Cost of Fixed Assets as of	
March 31, 2006	\$920,299
Purchases	0
Removals During the Fiscal Year	(131,849)
FIXED ASSETS AT MARCH 31, 2007	<u>\$788,450</u>

The land and building in Chesaning, Michigan is owned by the Village of Chesaning. The organization has use of the building, at no cost, other than payment of expenses associated with the building.

The land and costs associated with the new building were transferred to the Component Unit, Chesaning-Brady Joint Building Authority.

NOTE C – PENSION PLAN

The organization has elected to allow its employees to participate in a pension plan. This pension plan is recognized under IRS Code Section 457. This pension is in conjunction with an existing plan that was established by Chesaning Township. It allows for up to 5% of pay of employees to be withheld. All pension withholding is matched by the board. This plan was effective April 1, 2000. The current year expense was \$4,315.

NOTE D – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the organizations actual expenses and budgeted expenses of the budgetary funds reflect where the actual expenses exceed budgeted amounts. The over expenditure was funded by revenues in excess of budgeted amounts and available fund balance.



CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

NOTE E – CASH AND INVESTMENTS

State statutes authorize the Authority to invest its surplus funds in the following investments: certificates of deposit; savings accounts and deposit accounts with banks which are members of the Federal Deposit Insurance Corporation (FDIC); savings and loan association which are insured by the FDIC; credit unions which are insured by NCUA; bonds, bills or notes of the United States; commercial paper rated in the three highest rate classifications established; U.S. Government or federal agency obligation repurchase agreements composed of eligible collateral whose market value must be maintained equal to or greater than the amounts advanced, and with an undivided interest; and mutual funds and investment pools composed entirely of investments which are legal for direct investment by local units of government in Michigan.

The Organization's deposits consisted of cash at one financial institution.

	<u>March 31, 2007</u>		
<u>Institution A</u>	<u>Amount</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
Cash – Checking	\$ 6.143	\$ 6.143	\$
Cash – Savings	160,185	100.000	60.185
Certificate of Deposit	<u>52,738</u>		<u>52,738</u>
	<u>\$219,066</u>	<u>\$106,143</u>	<u>\$112,923</u>

NOTE F – RESTRICTED NET ASSETS

On January 10, 2007, Connie Klein made a donation to the Administrative Board to be used to purchase furnishings and training center televisions. As of March 31, 2007, the required purchases had not been made.

NOTE G – LONG-TERM DEBT

On December 11, 2000, the Board signed a purchase agreement for a rescue/engine truck. The cost of the truck was \$368,010. The Board made a down payment of \$195,000 and financed the remaining \$173,010 through Old National Bank Leasing at 5.56% interest. The Board made the final lease payment on September 11, 2006, which consisted of \$32,844.16 of principal and \$1,853.50 of interest.

NOTE H – RELATED PARTY (COMPONENT UNIT) TRANSACTIONS

Lease – The Chesaning-Brady Joint Building Authority is a separate entity, organized under the provisions of Act 31 of 1948. The Authority was organized to finance, acquire construct and equip fire station facilities. The annual lease is equivalent to the annual bond payment. The Townships of Brady (32.5%) and Chesaning (67.5%) agreed in a document dated August 1, 2006 to pay the lease in the percentages indicated above.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2007

**NOTE H – RELATED PARTY (COMPONENT UNIT) TRANSACTIONS (CONTINUED)**

Transfer – The Chesaning-Brady Fire Administrative Board transferred \$200,000 which was designated for purchase of a new building to the Chesaning-Brady Joint Building Authority. The Chesaning-Brady Fire Administrative Board also transferred capital assets totaling \$249,208, of which \$131,849 was prior year purchases and \$117,359 was current year purchases.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED MARCH 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Contribution – Chesaning Twp.	\$160.853	\$168.831	\$ 173.273	\$ 4.442
Contribution – Chapin Twp.	4.400	4.400	4.277	(123)
Contribution – Brady Twp.	66,631	70.073	70.415	342
Interest Income			6.124	6,124
Grants	5.000			
Donations –Restricted			25.000	25.000
Sign Sales, Copies, Misc.	<u>2.000</u>	<u>2.500</u>	<u>7.893</u>	<u>5.393</u>
TOTAL REVENUES	\$238,884	\$245.804	\$ 286,982	\$ 41.178
EXPENDITURES:				
Wages	\$ 47.166	\$ 62.916	\$ 45.586	\$ 17.330
Payroll Taxes	3.500	4,725	3.487	1,238
Maintenance & Supplies	14.000	13.500	8.275	5.225
Insurance	20.000	20.000	21,117	(1,117)
Fuel	4.500	5.500	5.203	297
Utilities	8.000	10,000	9.455	545
Professional Fees	9.000	10,000	8.359	1,641
Training, Education & Dues	2.500	1,500	1.200	300
Clothing	4,500	4,500		4,500
Rent	2.000	2,200	1.500	700
Office Expenses	1.500	1,500	3.560	(2,060)
Prevention	3,500	2,500	2.630	(130)
Retirement/401k	5.000	6,750	4.315	2,435
Equipment Replacement	8,718	213	2.153	(1,940)
Interest Expense			1.853	(1,853)
Principle Payments			32.844	(32,844)
Contingency Fund	5.000			
Capital Expenditures:				
Vehicle Replacement	45.000	45.000		45.000
Building Replacement	<u>55.000</u>	<u>55.000</u>		<u>55.000</u>
TOTAL EXPENDITURES	\$238.884	\$245.804	\$ 151.537	\$ 94.267
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$	\$	\$ 135.445	\$ 135,445

The accompanying notes are an integral part of these financial statements.

CHESANING-BRADY FIRE ADMINISTRATIVE BOARD  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES:				
Transfers Out – Cash	\$	\$	\$(200.000)	\$(200,000)
Transfers Out – Capital				
Assets	_____	_____	<u>(117.359)</u>	<u>(117.359)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	\$_____	\$_____	\$(181.914)	\$( <u>181.914</u> )
Fund Balance April 1, 2006			<u>409.283</u>	
FUND BALANCE MARCH 31, 2007			<u>\$ 227.369</u>	

The accompanying notes are an integral part of the financial statements.



## DEMIS and WENZLICK, P.C.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Chesaning-Brady Fire  
Administrative Board  
Chesaning, Michigan

We have audited the financial statements of the Chesaning-Brady Fire Administrative Board as of and for the year ended March 31, 2007, and have issued our report thereon dated November 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Chesaning-Brady Fire Administrative Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Chesaning-Brady Fire Administrative Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Chesaning-Brady Fire Administrative Board's management, officers, and the applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dominic and Kellogg, PC*

Owosso, Michigan  
November 1, 2007